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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 892 .

HAZELTINE CORPORATION,
Petitioner,

vs.

THE CROSLEY CORPORATION,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.

WILLIAM H. DAVIS
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OCTOBER TERM, 1941

HAZELTINE CORPORATION,

Petitioner,

vs.

THE CROSLEY CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORAI

To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States.

Your petitioner, Hazeltine Corporation, prays that a writ of certiorari issue to review the decree of the United States Circuit Court of Appeals for the Third Circuit entered herein on September 11, 1941 (R. 35).* Rehearing and reconsideration by that Court were requested and were denied October 30, 1941 (R. 41).

A certified transcript of record in the case including the proceedings in the Circuit Court of Appeals is furnished in compliance with Rule 38 of this Court.

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by Act of February 13, 1925, c. 229 (28 U. S. Code, §347).

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*The *Crosley Corporation* v. *Hazeltine Corporation*, 122 F. (2d) 925; same case below, 38 F. Supp. 38.

Summary Statement of the Matter Involved

This is an action brought against petitioner, a patent owner, by respondent, an infringer, asking for a declaratory judgment as to the validity of patents owned by petitioner and as to the infringement of these patents by respondent. This action was filed in the District of Delaware, petitioner being a corporation of Delaware, and the controversy on which it was predicated arose because petitioner notified respondent of its infringement.

Seventeen days after the filing of the declaratory judgment action, petitioner brought executory patent actions under Section 48 of the Judicial Code* in the customary form, in Cincinnati, where respondent has its office and factory and committed the infringement. In these actions petitioner asked for an injunction against further infringement and an accounting of profits and damages arising from past infringements.

Petitioner also filed an answer in the declaratory action denying that respondent was entitled to declaratory relief.

Respondent thereupon moved in the declaratory action for an injunction restraining prosecution of the executory patent actions in Cincinnati. This was denied by the trial court which held that there was nothing in the Declaratory Judgment Act which deprived the patentee of his traditional remedy for infringement upon the mere filing of a petition for declaratory judgment; and that the facts in the instant case did not warrant an injunction against prosecuting the executory actions.

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*Sec. 48. (U. S. C., title 28, sec. 109). In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. * * *.

The Court of Appeals reversed, holding that the parties and issues being the same, the mere fact that the declaratory action was filed first made it an abuse of discretion to refuse to enjoin prosecution of the later suits. It held,

> "When the district court of the domicile of a patent owner has been asked by an infringer to determine by declaratory judgment the issues of the patent's validity and infringement, it would neutralize the beneficial effect of the Declaratory Judgment Act as well as impose an unwarranted burden upon the federal judiciary, to permit the patent owner thereafter to prosecute infringement suits in other district courts against the same infringer."

The Court of Appeals reiterated this view in the recent case of *Triangle, etc. Co.* v. *National, etc. Corp.*, decided November 19, 1941 (51 U. S. P. Q. 425, Appendix, p. 16).*

The Questions Presented

1. Should it become a rule of law that an injunction *must* be granted restraining the prosecution of an executory action merely because that action is filed later than a petition for declaratory judgment between the same parties involving the same issues?

2. More specifically, should it become a rule of law that the prosecution of an executory action for patent infringement, filed under Section 48 of the Judicial Code

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*In the *Triangle case* the court, although adhering to the general rule announced by it in the instant case, refused an injunction because the parties and issues were different in the declaratory and executory actions. On December 17, 1941, it granted rehearing as to whether the injunction should have been refused.

in the district in which the infringer committed acts of infringement and had its principal place of business, *must* be enjoined merely because a petition for declaratory judgment between the same parties involving the same issues was filed first?

3. Should it become a rule of law that a patent owner, who, under §4900 R. S.*, notifies an infringer of his infringement, and thus gives the infringer the opportunity contemplated by the statute to discontinue his infringement, does so only at the risk that the infringer, by hastily filing a petition for declaratory judgment, will deprive the patent owner of his important and valuable privilege, granted by Section 48 of the Judicial Code, of suing in the place where the infringement is being committed?

4. Did the denial of an injunction in the instant case constitute an abuse of discretion?

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*Sec. 4900 (U. S. C., title 35; sec. 49). It shall be the duty of all patentees and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word "patent," together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice: *Provided, however*, That with respect to any patent issued prior to April 1, 1927, it shall be sufficient to give such notice in the form following, viz.: "Patented," together with the day and year the patent was granted; and in any suit for infringement by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement and continued, after such notice, to make, use, or vend the article so patented.

Reasons Relied on for the Granting of the Writ

1. The Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this Court, namely, the rule to be applied in determining whether a declaratory judgment action or an executory action is to take precedence.

The question is of general importance to non-patent cases as well as to patent cases. In so far as patent cases are concerned the decision resolves the apparent conflict between the rights of patent owners under Section 48 of the Judicial Code and the rights of accused infringers under the Declaratory Judgment Act.* It resolves this conflict by a rule so absolute and inflexible that, if it remains the law, it will seriously dislocate the orderly functioning of the patent system and will ultimately prejudice both infringers and patent owners by encouraging litigation rather than negotiation and settlement. This is so because the rule is so absolute that it will lead patent owners to discontinue attempts at negotiated settlement and discontinue the "notice of infringement" which alone enables the infringer to hastily ask for declaratory relief and thus deprive the patent owner of his privilege of suing in the district where the infringement is being committed.

2. There is conflict and confusion in the lower courts in both patent cases and non-patent cases as to whether they should give preference to a declaratory action where it is the first to be filed or should leave the parties to the usual executory action. The determination of the present question by this Court will settle this confusion.

U. S. Fidelity & Guaranty Co. v. *Koch*, 102 F. (2d) 288, C. C. A. 3 (1939);
American Automobile Insurance Co. v. *Freundt*, 103 F. (2d) 613, C. C. A. 7 (1939);

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*Judicial Code, Sec. 274d (U. S. C., title 28, sec. 400), see Appendix, p. 22.

Acticarbone Corp. v. *National Carbon Co., Inc.*, S. D. N. Y. (1936) (unreported, see appendix, p. 21);
Link-Belt Co. v. *Dorr Co., Inc.*, 15 F. Supp. 663, D. of Del. (1936);
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Creamery Package Mfg. Co. v. *Cherry-Burrell Corp.*, 115 F. (2d) 980, C. C. A. 3 (1940), 312 U. S. 709—cert. den.;
Aetna Casualty & Surety Co. v. *Quarles et al*, 92 F. (2d) 321, C. C. A. 4 (1937).

WHEREFORE, it is respectfully submitted that this petition for a writ of certiorari to the Circuit Court of Appeals for the Third Circuit should be granted.

WILLIAM H. DAVIS
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Dated: New York, N. Y., January 19, 1942.